

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-02 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

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TO SECSTATE WASH DC PRIORITY 6635

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E.O. 11652: N/A

TAGS: ETRD, OECD

SUBJECT: FRENCH CREDIT MEASURES TO PROMOTE EXPORTS

REFS: A) STATE 76991; B) PARIS 8959; C) OECD 7287

1. SUMMARY. MISSION'S INFORMAL SOUNDINGS INDICATE US COULD EXPECT SOME SUPPORT FROM OTHER DELS ON PROCEDURAL ISSUE OF FRENCH OBLIGATION TO CONSULT ON CREDIT MEASURES TO PROMOTE EXPORTS, BUT THEY ALSO REVEAL APPARENT DISINTEREST IN CAPITALS ON SUBSTANCE OF MATTER WHICH MAKES IT UNCERTAIN HOW MUCH SUPPORT WE WOULD GET IF DELS HAD TO ASK FOR INSTRUCTIONS. MISSION BELIEVES EPC IS NOT READILY USABLE FORUM TO ATTEMPT EXAMINATION OF FRENCH MEASURE AND WE THEREFORE RECOMMEND THAT US RAISE MATTER IN COUNCIL AND PROPOSE SPECIAL AD HOC WORKING GROUP TO CONSIDER IT. END SUMMARY.

2. MISSION'S INFORMAL SOUNDINGS REGARDING FRENCH

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REFUSAL TO CONSULT IN TRADE COMMITTEE ON EXPORT INVEST-

MENT INCENTIVE SCHEME MET WITH SYMPATHY FROM MANY KEY DELS, PARTICULARLY SWITZERLAND AND JAPAN. IT IS CLEAR, HOWEVER, THAT FRENCH ACTION HAS NOT AROUSED ANY APPRECIABLE INTEREST IN MEMBER CAPITALS(OTHER THAN UK AND PERHAPS SWITZERLAND) AND MOST DELS REALLY HAVE NO INDICATION OF STANCE THEIR GOVERNMENTS WOULD TAKE IF QUESTION PUT TO THEM. SWEDES FOR INSTANCE INDICATED THAT THEIR GOVERNMENT WAS JUST NOT THAT INTERESTED IN FRENCH ACTION, ALTHOUGH THEY WOULD SUPPORT AN EXAMINATION. UK WOULD BE GENERALLY SYMPATHETIC BUT THEY FEEL THEY HAVE DONE THEIR SHARE ON THIS ONE. GERMANS THOUGHT QUESTION MIGHT HAVE TO BE DISCUSSED IN EC FRAMEWORK, IN WHICH CASE IT MIGHT BE DIFFICULT TO GET ACTIVE PARTICIPATION OF EC MEMBERS IN AN EXAMINATION. SECRETARIAT VIEW WAS THAT WE WERE MOST UNLIKELY TO PERSUADE FRANCE TO CONSULT IN TRADE COMMITTEE, AND WE SHOULD ACCEPT ANY OFFER MADE TO CONSULT ELSEWHERE.

3. AS REPORTED REF B, GOF HAS OFFERED TO CONSULT IN EPC OR IN SOME OTHER WAY WHICH COULD BE ARRANGED BY THE COUNCIL. IN OUR VIEW EPC WOULD BE UNSATISFACTORY FORUM, AS IT HAS NO APPROPRIATE WORKING PARTY TO EXAMINE SUCH MEASURES AND IT IS UNLIKELY THAT ANY IN-DEPTH EXAMINATION COULD BE HELD IN THE COMMITTEE ITSELF. IF FRENCH INSIST ON EPC, US COULD ATTEMPT TO HAVE AD HOC WORKING PARTY SET UP BY THIS COMMITTEE.

4. MISSION RECOMMENDS AS PREFERABLE OPTION THAT US RAISE MATTER IN COUNCIL WITH OBJECT OF ESTABLISHING AD HOC FORUM UNDER COUNCIL AEGIS TO EXAMINE FRENCH ACTION, IF WE ARE STILL INTERESTED IN PURSUING. IN COUNCIL STATEMENT US COULD INDICATE ITS CONCERN ABOUT THE FRENCH MEASURE AND THE RESOURCES BEING DEVOTED TO IT, OUR VIEW THAT IT DOES HAVE TRADE IMPLICATIONS AND DISAPPOINTMENT THAT GOF UNWILLING TO CONSULT IN TC, AND PROPOSE AD HOC WORKING PARTY OF COUNCIL TO CARRY OUT FACTUAL EXAMINATION OF FRENCH MEASURE. IF WE FOLLOW THIS ROUTE, HOWEVER, US SHOULD BE PREPARED TO ACCEPT INEVITABLE REQUEST THAT SUCH AN EXAMINATION BE GENERALIZED TO INCLUDE SIMILAR SCHEMES OF OTHER LIMITED OFFICIAL USE

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COUNTRIES (IF ANY EXIST).
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